## REMARKS

Claims 1-64 are pending in this application. Claims 1, 22, 37, and 50 are amended.

The Examiner rejected claims 1-64 under 35 U.S.C. § 102(e) as being anticipated by Jacobs *et al.* (Jacobs).

Claim 1 as amended recites:

A method for providing interactive advertising comprising: providing programming to a user, wherein the programming includes content and advertisements, each advertisement having an associated value;

permitting the user to select which of the advertisements are to be played; and

awarding the associated value to the user for each of the advertisements that are played.

The claimed invention enables a user to select which advertisements are to be played as part of programming provided to the user, and to be awarded a value associated with each of the advertisements selected to be played. This is useful, for example, to allow a user to skip commercials not of interest, while watching commercials that are more interesting, in exchange for a lower monthly subscription fee.

Jacobs does not disclose the claimed invention. Jacobs describes providing a full-featured version of e-mail client software (Eudora) to a user for free, in exchange for displaying advertisements to the user when the software is used. Alternatively, the user can pay a fee and receive the full-featured version without any advertisements, or the user can pay no fee, receive no advertisements, and use a featured-limited version. A user who elects to use the

Adware version of Eudora—and thus get the full-featured version for free—is able to customize or modify the ad stream by providing demographic information. (See paragraph [0076].) A user who agrees to use the Adware version of the program and then tries to subvert advertisement delivery is detected and allowed to use only the feature-limited version (paragraph [0161]).

As the Examiner notes, when a user in Jacobs agrees to watch videos, the user is rewarded with free software. But Jacobs does not teach associating a value with each advertisement, and awarding to the user the value of the advertisements that are played, as claimed. Advertisements in Jacobs have no associated value unto themselves – a user of Eudora is simply allowed to use the software for free in exchange for watching all advertisements; in the claimed invention the user receives the value associated with each of the advertisements that is played. Accordingly, Jacobs does not disclose at least the steps of "providing programming to a user, wherein the programming includes content and advertisements, each advertisement having an associated value," or "awarding the associated value to the user for each of the advertisements that are played," as claimed. Claim 1 is therefore patentable over Jacobs.

Dependent claims 2-21 are also patentable over Jacobs, as each claim depends from patentable claim 1, and in addition recites its own patentable features.

Independent claims 22, 37, and 50, and their dependent claims 23-36, 38-49 and, 51-64 are patentable over Jacobs for reasons analogous to claims 1 and 2-21.

If any matters remain outstanding prior to allowance of the claims, the Examiner is invited to contact the undersigned attorney at (415) 875-2358 or via e-mail at dbrownstone@fenwick.com. Applicants acknowledge that a copy of any electronic mail communications will be made of record in the application file per MPEP  $\S$  502.03.

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